



TNRCC REGULATORY GUIDANCE

Water Utilities Division, Utility Rates & Services Section 512/239-6960
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 August 1996

SUBJECT: TNRCC Jurisdiction—Utility Rates & Service Policies

When Do Utilities Come under TNRCC Rate Jurisdiction?

(For explanation of abbreviations used in this chart, see next page)

Utility Service Provider	TNRCC Rate Jurisdiction			
	Retail			Wholesale, Appellate
	Original	Appellate	Notice to Customers Required?	
IOU - Outside City	Yes	N/A	Yes	Yes
IOU - Inside City	No Unless city surrenders its jurisdiction to TNRCC	Yes 10% customer protest or on request from party to rate case before city	Yes	Yes
Exempt IOU	Yes	N/A	Yes	Yes
WSC	No	Yes 10% customer protest	No	Yes
Exempt WSC	No	Yes 10% customer protest	No	Yes
District	No	Yes In-district customers - 10% Out-of-district customers-10%	In-district - No Out-of-district - Yes*	Yes
Affected County	No	Yes 10% customer protest	Yes*	Yes
City - Only out-of-city customers	No	Yes 10% customer protest	Yes*	Yes

* Notice must tell old rates, new rates, and effective date. TNRCC recommends you also tell the customer he can appeal.

When Must Utilities Obtain a CCN and Observe TNRCC Tariff and Service Policies?

(For explanation of abbreviations used in this chart, see below)

Utility Service Provider	CCN Required?	TNRCC Tariff and Service Policies Apply?
IOU - Outside City	Yes	Yes
IOU - Inside City	Yes	Yes If city does not adopt its own
Exempt IOU	No*	Yes
WSC	Yes	No But must file tariff with TNRCC
Exempt WSC	No*	No But must file tariff with TNRCC
District	No*	No
Affected County	Yes	Yes
City	No*	No

* Unless serving within another utility service provider's lawful service area.

Terms Used in This Guidance Document

Affected County. Certain counties, known as “affected counties,” given specific authority to provide water or sewer utility service. The counties are Brooks, Cameron, Coryell, Dimmit, El Paso, Duval, Hidalgo, Hudspeth, Jim Hogg, La Salle, Marion, Maverick, Presidio, Starr, Terrell, Uvalde, Val Verde, Webb, Willacy, and Zavala.

CCN, Certificate of Convenience and Necessity. Authorizes a utility to provide water or sewer utility service to a specific area and obligates the utility to provide continuous and adequate service to every customer who requests service in that area.

District. A “district” created by the legislature or under the Texas Water Code. Also known as a MUD (Municipal Utility District), FWSD (Fresh Water Supply District), WCID (Water Control and Improvement District), SUD (Special Utility District) or PUD (Public Utility District).

Exempt IOU or Exempt WSC. A Water or Sewer Utility or Water Supply Corporation with less than 15 potential service connections.

IOU, Investor-Owned Utility. See definition of *Water and Sewer Utility*

Retail Public Utility. Any person, corporation, public utility, water supply or sewer service corporation, municipality, political subdivision, or agency operating, maintaining, or controlling in this state facilities for providing potable water service or

sewer service, or both, for compensation.

Water and Sewer Utility (“Utility”):

☐ **any** person, corporation, cooperative, affected county, or any combination of those persons or entities, or their lessees, trustees, and receivers,

☐ **that own and operate for compensation** in this state equipment or facilities for (1) production, transmission, storage, sale, distribution, or provision of **potable water** to the public or for the resale of potable water to the public for any use; or for (2) collection, transportation, treatment, or **disposal of sewage** or other operation of a sewage disposal service to the public.

☐ **The term “utility” excludes** any person or corporation not otherwise a public utility that furnishes the services or commodity only to itself or to its employees or tenants as an incident of that employee service or tenancy when that service or commodity is not resold to or used by others.

The term “utility” (by itself) also excludes any municipal corporation, water supply or sewer service corporation, or a political subdivision of the state. These are referred to as a “retail public utility” (see preceding definition of that term).

WSC, Water Supply Corporation. A nonprofit water supply and sewer services corporation owned and controlled by its members.